



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

m/37/084

Michael O. Leavitt
Governor

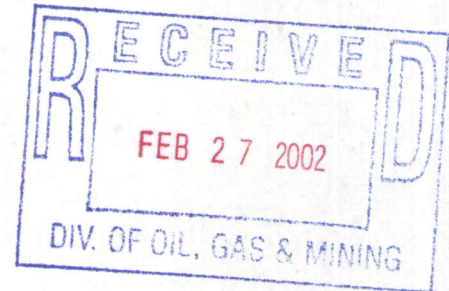
Stephen G. Boyden
Director

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801-355-0922 (Fax)
<http://www.trustlands.com>

February 25, 2002

Don Showalter
Cotter Corporation
P.O. 700
Nucla, CO 81424

RE: ML 45609-BSLS
DOGM #M/037/084, Papoose LS Mine



Dear Mr. Showalter,

I received your letter of February 15, 2002, requesting final approval to commence operations under your Large Mine permit and the release of your \$54,000 bond with respect to ML 45609-BSLS.

The Trust Lands Administration has no objection to the continuation of mining operations by Cotter Corporation under ML 45609-BSLS, but the Division of Oil, Gas & Mining as the regulatory agency has final word on your Large Mine permit. I understand the Division's letter of February 15, 2002, to be final approval for Cotter Corporation to commence operations under the Large Mine permit, but please contact Wayne Hedberg, DOGM, if you have any question in this matter.

The \$54,000.00 surety bond held by the Trust Lands Administration may be decreased in amount, but the Trust Lands Administration requests that Cotter Corporation maintain a \$5,000.00 surety bond with this office to ensure the payment of rentals and royalties. Your bond with the Division of Oil, Gas & Mining ensures reclamation, only. Accordingly, please have your American Home Assurance Co. agent submit a rider reducing the amount of surety bond #ESD 7787415 from \$54,000.00 down to \$5,000.00. I will then present this matter to the Director for approval.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Wayne Hedberg ✓